GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:583
ANSWERED ON:06.05.2005
DEBT BURDEN OF STATES
Barad Shri Jashubhai Dhanabhai;Bhargav Shri Girdhari Lal

Will the Minister of FINANCE be pleased to state:

(a) the total debt burden of various State Governments on the Union Government as on March 31, 2005;

(b) whether some State Governments have requested the Union Government to provide certain reliefs;

(c) if so, the details thereof, State-wise; and

(d) the decision taken by the Union Government on each of these requests?

Answer

MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF LOK SABHA STARRED QUESTION No.583 FOR ANSWER ON 6TH MAY, 2Q05 REGARDING DEBT BURDEN OF STATES

(a) to (d): Loans from the Union Government to the States primarily consist of plan loans provided by Ministry of Finance. Additionally, there are some small savings loans given before 1999, medium term loans and loans consolidated earlier. A total amount of Rs. 155147.76 crores was outstanding as on 31st March, 2005 against the States for loans provided by Ministry of Finance. State-wise details are at Annex - A.

States have requested from time to time for allowing swapping of high cost Government of India loans, waiver of loans, rescheduling of loans, reduction of rate of interest etc. Requests of States were considered by the Twelfth Finance Commission (TFC). TFC has recommended prospective consolidation of all Government of India loans given to States before March 31, 2004 and outstanding on March 31, 2005 in a new twenty year loan at 7.5% interest subject to States adopting fiscal responsibility law. TFC has further recommended that the principal instalments of consolidated loans to be serviced by the States during 2005-10 may also be waived if the States eliminate their revenue deficits by 2008-09 and do not exceed fiscal deficit from the 2004-05 level. Government of India has accepted these recommendations. Government of India had also allowed the States to swap their loans carrying rate of interest of 13% and above under Debt Swap Scheme. Rs.102033.59 crores of high cost loans were swapped during 2002-2005.